

FULTON COUNTY INDUSTRIAL DEVELOPMENT AGENCY

**THURSDAY
AUGUST 4, 2011
8:00 A.M.**

PLANNING DEPARTMENT CONFERENCE ROOM

MEETING NOTES

PRESENT:

JOE GILLIS, CHAIRMAN
FRAN REED, TREASURER
TODD RULISON, SECRETARY
WILLIAM SULLIVAN, MEMBER
ARLENE M. SITTERLY, MEMBER
JOSEPH SEMIONE, MEMBER
JAMES MRAZ, IDA EXECUTIVE DIRECTOR
KARA LAIS, FITZGERALD, MORRIS, BAKER, FIRTH, P.C.
JACK WILSON, LIAISON
LEADER HERALD

I. MINUTES FROM MAY 26, 2011 MEETING:

MOTION : To accept as presented.
MADE BY : Fran Reed
SECONDED : Todd Rulison
VOTE : Unanimous

II. BUDGET REPORT:

MOTION : To accept as presented.
MADE BY : Arlene Sittlerly
SECONDED : Fran Reed
VOTE : Unanimous

III. COMMITTEE REPORTS:

A. Nominating Committee:

- No report.

B. Audit Committee:

- No report.

C. Governance Committee:

- No report.

D. Finance Committee:

- No report.

IV. OLD BUSINESS:

A. 1988 Incubator Building Project in Crossroads Industrial Park:

1. Status Report:

- At May 26, 2011 meeting, IDA members authorized the Chairman to send a letter to the CIC.
- On June 1, 2011, Chairman Gillis sent this letter to the CIC acknowledging that the IDA believes the CIC owes it money for the sale of Lots 4 and 7 in the Crossroads Industrial Park and request that the IDA be provided a copy of all records obtained from NBT Bank by the CIC.
- No response or records have been received from the CIC.

IDA DISCUSSION: Joe Gillis stated that the IDA is waiting for the CIC to pay the IDA for the sale of Lots 4 and 7 in the Crossroads Industrial Park. He stated that the CIC has acknowledged that they believe the IDA is owed money. He stated that the IDA has still received nothing in concrete from the CIC regarding their willingness to pay.

B. Request for Early Termination of Six (6) STAG Leases:

1. Background:

- The IDA currently leases nine (9) properties to STAG. These (9) leases all have different termination dates.
- All leases contain standard language giving STAG the right to request an early termination of all Lease Agreements.
- Article XI of each Lease contains language dealing with early termination of the lease.

2. Request for Early Termination:

- On May 6, 2011, the IDA received a letter from STAG formally advising that STAG is exercising its right of early termination of six (6) Leases. Per Section 11.1 of the leases, the IDA and STAG must complete the process to terminate these leases within 90 days or August 6, 2011.

- The six (6) Leases requested for early termination include:

A. Johnstown Industrial Park:

- | | | |
|-------------------------|---|--|
| 1) 6 Clermont Street | : | Lease Agreement dated December 1, 1993 |
| 2) 150 Enterprise Drive | : | Lease Agreement dated November 1, 1991 |
| 3) 161 Enterprise Drive | : | Lease Agreement dated May 15, 1995 |
| 4) 190 Enterprise Drive | : | Lease Agreement dated October 1, 1997 |
| 5) 231 Enterprise Drive | : | Lease Agreement dated March 1, 1995 |

B. Crossroads Industrial Park:

- | | | |
|---------------------|---|---|
| 1) 125 Balzano Road | : | Lease Agreement dated September 1, 1993 |
|---------------------|---|---|

3. Impacts of Early Termination of Lease Agreements:

- The existing Leases and PILOT Agreements would be terminated.
- The six (6) properties would no longer be tax exempt.
- The six (6) properties would immediately return to the tax rolls.
- The six (6) properties would start making property tax payments and not PILOT payments.
- The IDA would no longer have to report these projects under PARIS after 2011.

4. Documents that will have to be executed by IDA for each individual project:

- Deed.
- TP-584 Form
- RP-5217 Form.

5. Payment Due IDA:

- Each lease to be terminated includes a provision whereby STAG must issue a payment to the IDA if the lease is terminated early.
- Total payment due: \$88,175

6. IDA Legal Fees:

- STAG has not agreed to pay IDA's legal fees to be generated by Kara Lais and Fitzgerald, Morris, Baker, Firth, PC for representing the IDA in this transaction.
- As a result, the IDA must pay for these fees out of the payment due the IDA.
- Total Fee: \$9,025

7. Notification to Local Taxing Jurisdictions:

- On May 25, 2011, Jim Mraz sent letters to all affected local taxing jurisdictions advising them of STAG's request for early termination of six (6) leases and confirmation on whether any delinquent PILOT, water/sewer or other payments exist on these six (6) affected properties.
- Responses received back indicated no delinquent payments exist.

8. Survey Work:

- Property surveys needed to be recertified as part of this transaction.
- ABD Engineers and Surveyors recertified four (4) surveys.
- Total Fee: \$1,400

IDA DISCUSSION: Jim Mraz reviewed the information on the Agenda regarding this proposed transaction. He stated that the purpose of today's meeting was for the IDA to give approval to each of these Request for Early Terminations and to authorize the IDA Chairman and/or Vice Chairman to execute a deed and standard forms used in all property transactions here in New York State.

Joe Gillis asked if each of the PILOTs on these projects are at a point where they are paying 100% of the taxes owed. Kara Lais stated, "Yes." Joe Gillis asked how was the amount due from STAG for each of these projects calculated. Jim Mraz stated that each lease contained a dollar amount STAG would have to pay for each year the lease was in existence. Kara Lais reviewed a spreadsheet that Jim Mraz and her prepared for each of the six (6) projects STAG requested early terminations for. She stated for each project, the annual dollar amount contained in the Lease was multiplied by the prorated number of years the lease was in existence to come up with this total. Jim Mraz asked Kara Lais if STAG has verified the total amount due the IDA. Kara Lais stated that yes their lawyer has confirmed that they agree with the total payment due.

Arlene Sitterly asked who will notify the company of this transaction. Kara Lais stated that that would be STAG's responsibility.

With respect to the cost for survey work, Kara Lais stated that she wanted the IDA members to know that this was a worthwhile investment that was made. She stated that certain discrepancies were found between the title work and the surveys. The surveys resulted in the discrepancies being clarified. All surveys have now been certified to the IDA as part of this transaction.

Joe Gillis asked why STAG is pursuing an early termination. Jim Mraz stated that STAG has not offered their reasons for pursuing the early terminations. He added that the IDA's lease with STAG does not require that STAG disclose their reasons for asking for the early terminations. He reminded IDA members that Kara Lais advised that the IDA was obligated to follow through on this request per the requirements of the Lease Agreement.

IDA ACTION:

MOTION: To approve a Resolution approving deed of conveyance from the Agency to STAG II Albany, LLC and authorizing execution and delivery of same for **Coast Distribution Project** located at 6 Clermont Drive, Johnstown Industrial Park.

MADE BY: Joe Gillis
SECONDED: Joe Semione
VOTE: Unanimous

MOTION: To approve a Resolution approving deed of conveyance from the Agency to STAG II Albany, LLC and authorizing execution and delivery of same for **Univar Project** located at 150 Enterprise Drive, Johnstown Industrial Park.

MADE BY: Arlene Sitterly
SECONDED: Fran Reed
VOTE: Unanimous

MOTION: To approve a Resolution approving deed of conveyance from the Agency to STAG II Albany, LLC and authorizing execution and delivery of same for **Exel Project** located at 161 Enterprise Drive, Johnstown Industrial Park.

MADE BY: Todd Rulison
SECONDED: Joe Gillis
VOTE: Unanimous

MOTION: To approve a Resolution approving deed of conveyance from the Agency to STAG II Albany, LLC and authorizing execution and delivery of same for **Catalyst Project** located at 190 Enterprise Drive, Johnstown Industrial Park.

MADE BY: Fran Reed
SECONDED: Todd Rulison
VOTE: Unanimous

MOTION: To approve a Resolution approving deed of conveyance from the Agency to STAG II Albany, LLC and authorizing execution and delivery of same for **Electrometrics Project** located at 231 Enterprise Drive, Johnstown Industrial Park.

MADE BY: Fran Reed
SECONDED: Arlene Sitterly
VOTE: Unanimous

MOTION: To approve a Resolution approving deed of conveyance from the Agency to STAG II Albany, LLC and authorizing execution and delivery of same for **Northern Architectural Systems Project** located at 125 Balzano Road, Crossroads Industrial Park.

MADE BY: Joe Gillis
SECONDED: Todd Rulison
VOTE: Unanimous

MOTION: To authorize the payment of \$1,400 to ABD Engineers and Surveyors to recertify surveys for the STAG transaction.

MADE BY: Joe Semione
SECONDED: Bill Sullivan
VOTE: Unanimous

MOTION: To authorize the payment of \$9,025 to Fitzgerald, Morris, Baker & Firth for legal services provided for the STAG transaction.

MADE BY: Arlene Sitterly
SECONDED: Bill Sullivan
VOTE: Unanimous

V. **OTHER BUSINESS:**

A. **Interest Assessment Surcharge:**

- On July 18, 2011, the IDA received a Notice from the NYS Department of Labor stating:
 - Since 2009, New York State has borrowed over \$3 billion from the federal Unemployment Insurance (UI) Trust Fund. The American Recovery and Reinvestment Act provided interest-free loans to New York and other states with insolvent Trust Funds during calendar years 2009 and 2010. Thus far, Congress has not extended the interest free loan provisions into 2011.
 - As it stands now, New York must pay approximately \$95 million in interest on the \$3+ billion in loans to the federal government by September 30, 2011.
 - In order to pay the interest due for 2011 on these federal loans, New York State is required by state law to assess a temporary charge on employers, called an Interest Assessment Surcharge (IAS). Should Congress extend the interest-free loan provision, the surcharge would be refunded.
 - New York's Interest Assessment Surcharge rate for 2011 is 0.25%. Each employer's surcharge amount is determined by multiplying the total taxable wages in the most recently completed payroll year (October 1, 2009 through September 30, 2010) by the IAS rate of 0.25 percent. Therefore, the maximum amount that most employers will be assessed is \$21.25 per employee.

- IDA's Interest Assessment Surcharge is \$21.25.
- Payment of the IDA is due by August 5, 2011.

IDA DISCUSSION: Jim Mraz reviewed the information on the Agenda. He stated that he has prepared the check in the amount of \$21.25 but has not sent that out pending IDA's approval.

IDA ACTION:

MOTION: To authorize the payment of \$21.25 to the NYS Unemployment Insurance.

MADE BY: Fran Reed

SECONDED: Joe Gillis

VOTE: Unanimous

B. Regional Economic Development Councils:

1. How many:
 - 10 Regional Councils.
 - Fulton County will be in the Mohawk Valley Council along with Montgomery, Herkimer, Oneida, Otsego and Schoharie Counties.
2. Primary Responsibilities:
 - a. Develop and maintain an initial five-year Strategic Plan for the Region.
 - b. Coordinate economic development efforts within the region.
 - c. Leverage public and private resources.
 - d. Identify and eliminate obstacles to growth.
 - e. Implement performance measures to ensure long-term success.
3. Membership:
 - a. Chairperson (1):
 - Lieutenant Governor Robert Duffy
 - b. Regional Co-Chairs (2):
 - Bjong Wolf Yeigh, President, SUNY Institute of Technology
 - Lawrence T. Gilroy III, President, Gilroy, Kernan & Gilroy, Inc.
 - c. General Members (19):
 - **Richard Smith, President and CEO of Robison & Smith**
 - **Michael Reese, President & CEO, Fulton County Economic Development Corporation**
 - Charles Green, President & CEO, Assured Information Security, Inc.
 - Marianne W. Gaige, President & CEO, Cathedral Corporation
 - Nicholas O. Matt, President, Matt Brewing Company.
 - V. Daniel Robinson II, President & CEO, New York Central Mutual Insurance Company
 - William L. Keller III, President & CEO, Keymark Corp.
 - Nancy Pattarini, President & CEO, The Paige Group

- Juanita Bass, Owner, Juanita's Soul Classics Inc.
- Sheila Murphy, Owner, Nunn's Home Medical Equipment
- Frank DeRiso, President, United Food & Commercial Workers International Union
- Randall VanWagoner, President, Mohawk Valley Community College
- Margaret O'Shea, President & CEO, The Community Foundation of Herkimer & Oneida Counties
- Mary Morse, Owner, Kwik-Kut Mfg
- Richard Ball, Owner, Schoharie Valley Farms/Carrot Barn
- Steve DiMeo, President, Mohawk Valley EDGE (Economic Development Growth Enterprises Corporation)
- Deborah Auspelmyer, President, Montgomery Area Chamber of Commerce
- Carolyn A. Lewis, Economic Developer, Otsego County Economic Development
- Scott White, President, Bank of Cooperstown

d. Elected Officials (9):

- **Chairman of Fulton Board of Supervisors**
- **Mayor of the City of Gloversville**
- Oneida County Executive
- Chairman of Montgomery Board of Supervisors
- Chairman of Otsego Board of Supervisors
- Chairman of Herkimer County Legislature
- Chairman of Schoharie County Legislature
- Mayor of the City of Utica
- Mayor of the City of Amsterdam

e. Executive Director:

- Ken Tompkins, Mohawk Valley Regional Director of ESD will serve as executive director of the Mohawk Council.

4. State Agencies:

- State agencies will participate in and provide support to the Regional Council by:
 1. Identify existing funding to implement Strategic Plans.
 2. Expedite funding for specific projects.
 3. Address obstacles that impede long-term economic growth.
 4. Revise State guidelines and internal process to expedite projects.

5. Strategic Plans:

a) 5-year Strategic Plans:

- Each Regional Council will prepare a five (5) year Strategic Plan for their Region.

b) Deadline for Submission of 5-year Strategic Plan:

- Each Regional Council shall submit its 5-year Strategic Plan by November 14, 2011.

- Each Region's Strategic Plan will be used to allocate \$200 million in Capital Funds and tax credits.

C. Executive Session:

1. REASONS TO CALL FOR AN EXECUTIVE SESSION:

- a. Upon a majority vote of its total membership, taken in an open meeting pursuant to a motion identifying the general area or areas of the subject or subjects to be considered, a public body may conduct an executive session for the below enumerated purposes only, provided, however, that no action by formal vote shall be taken to appropriate public moneys:
 - i. matters which will imperil the public safety if disclosed;
 - ii. any matter which may disclose the identity of a law enforcement agent or informer;
 - iii. information relating to current or future investigation or prosecution of a criminal offense which would imperil effective law enforcement if disclosed;
 - iv. discussions regarding proposed, pending or current litigation;**
 - v. collective negotiations pursuant to article fourteen of the civil service law;
 - vi. the medical, financial, credit or employment history of a particular person or corporation, or matters leading to the appointment, employment, promotion, demotion, discipline, suspension, dismissal or removal of a particular person or corporation;
 - vii. the preparation, grading or administration of examinations;
 - viii. the proposed acquisition, sale or lease of real property or the proposed acquisition of securities, or sale or exchange of securities held by such public body, but only when publicity would substantially affect the value thereof.

MOTION: To go into Executive Session to discuss, "discussions regarding proposed, pending or current litigation."

MADE BY: Todd Rulison
 SECONDED: Joseph Semione
 VOTE: Unanimous

MOTION: To go out of Executive Session.

MADE BY: Todd Rulison
 SECONDED: Fran Reed
 VOTE: Unanimous

VI. CLOSE MEETING:

MOTION : To close the meeting.
 MADE BY : Todd Rulison
 SECONDED : Fran Reed
 VOTE : Unanimous
 TIME : 9:45 a.m.